Platform to help Banks across ASEAN collaborate with Fintechs to reach different underserved segments and improve access to finance.

MSMEs, Agri, Trade & Supply Chain, Merchants, Millennials

SME FINANCE FORUM PRESENTATION

International Finance Corporation (IFC)

Creating Markets, Creating Opportunities

ASEAN FINANCIAL INNOVATION NETWORK

December 2, 2018
AGENDA

- Background and updates on APIX Program
- APIX Platform Overview
- Value for Fintechs & Financial Institutions
- Next Steps
Globally, financial services innovation has triggered a shift in market structure, transitioning towards “open banking”…

**BANKS**
...breaking out of silos, opening up to an ecosystem of fintech developers, users and

**FINTECHS & NONBANKS**
...establishing business models that relies on open banking…or creating their own proprietary ecosystems

**POLLICY**
...regulating to facilitate fintech innovation, competition and open banking market structures

**PUBLIC SERVICES**
...making central infrastructure and utilities - ID, payments, credit scores…available digitally, via APIs
This transition is not a linear process: benefits of innovation do not flow smoothly, nor do they automatically get shared evenly.

**BIG BANKS**

Have the resources and scale to develop their own labs and accelerators, the power to attract fintechs, connect multiple players

- **INCUMBENTS**
  - Fintechs seeking to add value to banks; looking to tap into established client base of banks; in consolidated sectors, banks can be “price setters”

- **CHALLENGERS**
  - Building alternatives to traditional banking at least where market structure & regulation allow..
  - ...can reap biggest gains from transition... if they own the clients and moment of truth relationships
  - ...are the market makers and price setters for banks that want to support them

**CORE BANKING SYSTEMS providers**

building platforms to stay in the game and support their existing users in fintech testing and integration

- Some banks can benefit from using these internal market places managed by their vendors...

**FINTECHS & NONBANKS**

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**SMALLER & CHALLENGER BANKS in DEVELOPING MARKETS**

Squeezed and less well equipped

- ✗ to set up their own labs / accelerators
- ✗ to meet the needs of new non-banks
- ✗ to provide scale to fintechs, set terms
- ✗ to access digital public infrastructure in their own country
AFIN will help equip 2nd & 3rd tier banks embrace digital transformation

**Challenges**
- Financial Institutions’ limited capacity
- Small markets lack scale
- Regulatory environment in slow transition
- Fintechs need scale, compliance and market openness

**Role of AFIN**
- Open platform for banks’ development needs
- Scalable marketplace
- Supporting regulatory learning and evolution
- Developing operating stds and best practices by industry for industry

**Objectives**
- Accelerate financial innovation that boosts inclusion
- Prepare banks to embrace technology change
- Improve access for smaller markets
- Work towards open, competitive and integrated market infrastructure and regulatory environment

AFIN will help open the way for more stable and dynamic FinTech usage in the region.... Facilitating innovations that boost financial inclusion
Background to APIX

- AFIN has been set up by International & national stakeholders with complementary roles in promoting financial sector development, innovation and inclusion.

- A Membership based organization to provide open, neutral and collaborative approaches to financial market evolution.

- Supports engagement by Financial Institutions & FinTechs, to take a proactive role in addressing implications of FinTech innovation for the market.

- Self declared objective to support financial inclusion and sector development as well as inclusive growth and integration across the region.

Objectives

- Facilitate access by financial institutions to a broader, deeper range of competitive (FinTech) solutions to meet opportunities and challenges.

- Accelerate and reduce the costs of service development through use of efficient testing, design & integration.

- Support API commonalities, digitization and improvements to bank’s and their client’s business processes and operations.

- Support capacity building of 3rd & 4th tier financial institutions’ IT architecture and management skills.

APIX is a cloud-based marketplace and sandbox platform provided by AFIN. APIX enables Financial Institutions and FinTechs in Asean and across the globe to collaborate and find innovative solutions to business problems.
AFIN has selected a consortium led by Virtusa to implement and run the APIX market place and sandbox platform.

The consortium is working closely with participating FinTechs and Financial Institutions towards a successful MVP launch and beyond. Multiple work tracks have been organized:

- Platform development
- Financial Institution and FinTech onboarding
- Marketing and Launch activities
APIX Platform Overview

The platform will be available for MVP launch at Singapore FinTech Festival and full launch in early 2019.
Value for Financial Institutions and FinTechs

APIX gives financial institutions competitive advantage through partnerships and innovation

APIX addresses three key characteristics of collaboration between FIs and FinTechs:

- **Discover**: APIX provides a platform for FIs to discover and connect with innovative FinTech solutions on its marketplace.
- **Design**: APIX enables FIs and FinTechs to collaborate and experiment to design unique solutions using its sandbox.
- **Deploy**: APIX provides a streamlined API integration process to deploy innovative solutions.

Enhances visibility for FinTechs across banks via the list of curated FinTechs in the APIX marketplace.

Access to an innovation sandbox, with quick start database and API toolkit to jump start experimentation.

Helps banks and fintechs monetize APIs through subscriptions by publishing them on the APIX platform.

Helps banks to identify and develop new and innovative business models by working with cutting edge FinTechs.

Helps banks and fintechs to quickly develop Minimum Viable Products (MVP) within the APIX platform and rapidly deploy them in production.

Reduces costs of business development with new banking partners for Fintechs.

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Next Steps to MVP

- Integrate with identified FinTech APIs for MVP
- Acceptance of user agreement
- DIY onboarding for other Financial Institutions and FinTechs
- Onboarding of Financial Institution including exposing any available APIs to APIX
- Identify a use case and relevant FinTech APIs for launch
- MVP launch at Singapore FinTech Festival
- Commercial Launch
- Scale and Grow
  - Expansion of marketplace participants
  - Ongoing collaboration for solution development
AFIN is also building a community around an open API technology platform making it easier for banks and fintechs to scale.

- Learning & Development Community
- Curated FinTech Community
- Design & Integration Tools
- Financial Institutions and Fintechs

#2 AFIN will support APIs that connect FIs & FinTechs in a scalable manner.

governed by ABA linked body to support self-regulatory approach
AFIN is also making it easier for SME’s to get access to credit by enabling banks to work with fintechs thus ultimately leading to financial inclusion.

Use case example of an SME Seller being able to get their KYC done and upload an invoice and get access to invoice finance.
Thank you!

If you want to know more, write to us at ivan@afin.tech / yosha@afin.tech